



**THE ATTORNEY GENERAL
OF TEXAS**

AUSTIN 11, TEXAS

JOHN BEN SHEPPERD
ATTORNEY GENERAL

June 29, 1953

Mrs. B. B. Sapp, Director
Teacher Retirement System
Austin, Texas

Opinion No. S-58.

Re: Authority of Teacher Retirement System to pool all assets of all funds of the System for investment purposes.

Dear Mrs. Sapp:

You have requested our opinion as to whether the Teacher Retirement System may pool all of the assets of the various funds of the System for Investment purposes.

Article 2922-1 of Vernon's Civil Statutes provides in part as follows:

"All of the assets of the Retirement System shall be credited according to the purpose for which they are held to one (1) of seven (7) funds, namely, the Teacher Saving Fund, the State Membership Accumulation Fund, the Membership Annuity Reserve Fund, the Prior-Service Annuity Reserve Fund, the Interest Fund, the Permanent Retirement Fund, and the Expense Fund."

Article 4363, V.C.S., requires that:

"The Comptroller shall keep appropriate accounts by funds, showing a short description of the essential features of each, of each bond, or of each purchase of similar or like bonds, or other securities purchased by and belonging to the permanent school and other funds of the State; . . . He shall also keep controlling or total accounts of such bonds or other securities, which accounts shall be kept with respect to the total amount of bonds or other securities belonging to each separate fund."

Article 4364, V.C.S., enacts the following requirements,

among others:

"3. . . . The following accounts shall be kept in the General Ledger: State Treasurer Cash Account, State Treasurer Bond Account, State Treasurer Securities in Trust, Warrants Payable, Departmental Suspense, General Land Office Suspense, Securities in Trust Fund Accounts Showing Net Balances, separate account for each fund, Fund Accounts for Bonds Owned, separate account for each fund, or other accounts as may be found necessary. . . .

"Accounts shall be kept for funds, a separate account for each fund, which shall be credited with deposit warrants and charged with pay warrants issued: Balances of such accounts shall represent balances in the funds after taking into consideration all warrants issued. Accounts shall also be kept showing the bonds or securities owned by each fund."

Article 2922-1, first above mentioned, creates seven separate funds within the Teacher Retirement System. Subsequent provisions of such article, providing for transfers from certain of such funds to others, contemplate preservation of their several identities, which obviously would be necessary in the administration of the System.

Since they are separate funds, the last two above mentioned articles, 4363 and 4364, require separate accounts be kept for each fund of bonds and other securities owned by each respective fund.

Therefore, it is the opinion of this office that the Teacher Retirement System cannot pool all of the assets of the various funds of the system for investment purposes.

SUMMARY

The Teacher Retirement System cannot pool all of the assets of all funds of the System for investment

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purposes under Article 2922-1, V.C.S.

APPROVED:

Yours very truly,

Rudy G. Rice
State Affairs Division

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